2007 to provide relief to exporters by way of accelerated reimbursement of dues to exporters, reduction in the interest rate on pre-shipment and post-shipment credit and revision in drawback rates and Duty Entitlement Pass Book (DEPB) rates. In addition, the Government has also notified exemption of certain service tax in respect of exporters.

A meeting was recently taken by the NMCC with the officials of Ministry of Finance, Ministry of commerce & Industry and Ministry of Textiles, where representatives from Textiles industry associations were also present, on issues relating to restoring competitiveness in the Textiles & Garment Sector. Finance Minister also took a meeting with the Textile industry along with the officials of the Ministry of Textiles, the NMCC and the Ministry of Finance. The Government has announced a relief package in November, 2007, which reduces basic Customs Duty on certain items relating to textiles sector. Refund of service tax paid by exporters on taxable services linked to exports has been further extended. A support package for providing relief to export sectors, like Textiles, which have low import intensity, was also announced through additional subvention of 2% in pre-shipment and post-shipment credit to the textiles including Ready-Made Garments and carpet but excluding man-made fibre.

(c) and (d) Some new initiatives taken by the Government for the growth of textile sector, *inter alia,* include creation of Investment Regions to consolidate the phenomenon of agglomeration, visible in textiles to further reduce transaction costs and enhance competitiveness; launching of Manpower-Development scheme-known as the "Neighbourhood Apparel & Textile Training Institutes for job Assurance (NATIJA)"- for establishing a network of employment-linked training facilities to meet the projected demand of 4 million trained workers over the next 5 years; and to revitalize handloom cooperatives on the pattern of agricultural cooperatives. Necessary action in this regard has since been intiated in consultation with the Planning Commission, Ministry of Finance, etc.

Gap between MSP and production cost of cotton in Maharashtra

1775. SHRI MANOHAR JOSHI: Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that higher production cost of cotton, minimum support price of cotton (MSP) and import of cotton has exaggerated the situation of the farmers in Maharashtra State;

(b) whether it is also a fact that there is big gap between minimum support price and production cost of the cotton;

(c) if so, whether Government has any proposal to increase MSP and also increase of import duty on cotton;

(d) if so, the details thereof; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN): (a) No Sir.

(b) No Sir. The MSP is fixed by the Government of India every year on the recommendation of Commission on Agricultural Costs & Prices (CACP) which takes into account the cost of cultivation per hectare, cost of production per quintal in various regions of the country, changes in input prices like seeds, pesticides, fertilizers etc., demand and supply situation,

effect of industrial cost structure, parity between prices paid and prices received by the cotton farmers etc., plus a reasonable profit margin to the cotton farmers. This mechanism of fixing MSP on year to year basis helps in guaranteeing an assured price to the cotton farmers and sustain their continued interests in cotton cultivation. The import of cotton is under Open General Licence (OGL) since 19.4.1994 without any qualitative or quantitative restrictions and the said policy is still being continued. The existing basic custom duty on import of raw cotton is 10%. Last year import of cotton was 1.78% of the total production.

(c) MSP is being fixed every year taking into account the various inputs for estimating the cost of production of cotton. There is no proposal for increase of import duty on cotton.

(d) and (e) Question does not arise in view of above.

Modification of technology upgradation fund scheme

1776. SHRI T.T.V. DHINAKARAN: Will the Minister of TEXTILES be pleased to state:

(a) whether Technology Upgradation Fund Scheme has been modified;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN): (a) Yes, Sir.

(b) The benefits available under the modified scheme are as follows:—

(i). The Scheme provides interest reimbursement on spinning machinery @ 4%. However, all the remaining sub-sectors covered under the scheme get interest reimbursement @ 5%.

(ii). The Scheme also provides coverage for foreign exchange rate fluctuation not exceeding 5%. However, for the spinning machinery the coverage is 4%.

(iii). The Scheme provides an additional option to the powerlooms units to avail of 20% Margin Money subsidy under TUFS in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 200 lakh and ceiling on subsidy Rs. 20 lakh.

(iv). The Scheme provides 15% Margin Money subsidy for SSI textile and Jute sector in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 200 lakh and ceiling on subsidy Rs. 15 lakh.

(v). The Scheme provides 5% interest reimbursement plus 10% capital subsidy for specified processing machinery, garmenting machinery and machinery required in manufacture of technical textiles.

(vi). The Scheme provides 25% capital subsidy on purchase of the new machinery and equipments for the pre-loom & post-loom operations, handlooms/up-gradation of Handlooms and testing & Quality Control equipments, for handloom production units.

(c) Does not arise.